

Roger Brooke Taney to Andrew Jackson, October 27, 1836, from Correspondence of Andrew Jackson. Edited by John Spencer Bassett.

CHIEF JUSTICE TANEY TO JACKSON.

Baltimore, October 27, 1836.

My Dear sir, I received your letter on my return from Delaware and my suggestions on the subject of your Farewell Address shall certainly be ready by the 1st of January.

It is with the sincerest pleasure that I continue to witness the success of your measures. The Treasury order in relation to payments for the public lands¹ has I doubt not saved the West from a scene of bankruptcy and ruin which was rapidly preparing for them. And its beneficial effects have also been felt in the Atlantic states, for it induced their Banks to adopt a more cautious policy sooner than they would otherwise have done, and they are by that means better able at this time to meet the calls which must come upon them. I am convinced that the pressure now complained of would have been far more severe if that order had not been issued.

¹ The Specie Circular, issued July 11, 1836, forbade the land officers to receive anything but specie in payment for the public lands.

The situation of the money market in England and the precautionary measures adopted there would no doubt be felt in some degree in this country under any circumstances. But a great pressure must sooner or later have taken place here even if the money concerns of England had continued perfectly easy. The main cause of the evil here is unquestionably the sudden and exorbitant increase of the paper currency, and this evil had its origin and foundation in the immense increase of its issues by the Bank of the

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U. States, in the last months of its existence, and which produced, as such a course on their part always has done and always will do, a corresponding expansion by the State Banks. The necessary consequence of these over issues and excessive extension of credit and of Bank accommodations was to create a rage for wild and mad speculations, which in the nature of things, unless checked in some way or other, must grow worse and worse and extend wider and wider, until it will bear no further expansion, and then the bubble bursts and ruin follows. I firmly believe that the Bank of the U. States has disignedly contributed as far as it could to produce this state of things for the purpose of influencing the approaching election of President, and I am convinced that it will now be found adding with all its might to the existing pressure by demanding specie from the State Banks wherever it has the power to do so. It has not yet abandoned its designs, nor relaxed its efforts to obtain the control of the General Government.

The Deposit Bill of the last session which was so earnestly supported by the friends of the Bank, has certainly added a good deal to the present distress in the money market. The greater part of the surplus revenue had been loaned to Merchants in the Commercial cities, and the mere transfer of it from the Banks which had loaned it out, to other Banks in the same city withdrew it at once from the hands that had borrowed it; and for a time indeed necessarily withdrew it from commercial operations. For the Banks to which it was transferred would not in a single day or a single week discount upon the whole amount thus received; especially as a large portion of what they have received must soon be again transferred to the several states who may chuse to deposit it with other agents. Indeed it is the mercantile community, who had been the borrowers of the greater part of the surplus, that suffer most from this Deposit Law. The news-papers under their influence were the most clamorous for the measure and they are now reaping its bitter fruits. However it is but a repetition of the folly they committed in 1833-'4, in which they were the principal sufferers from their own efforts to create a panic. Then they attempted to throw the blame of the pressure on the removal of the Deposites from the Bank of the U. States, and now they attempt to throw it on the Treasury order in relation to the

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public lands. There is no more foundation for the one, than there was for the other. In both cases they are the chief authors of their own difficulties, and they are obviously as a class more easily led astray by their political leaders than any other class of our citizens. The currency will however be always liable to these ruinous fluctuations while it continues to be of paper, and nothing will cure the evil but the success of your great plan of restoring the Constitutional currency of Gold and silver. I had hoped that the State Governments would have seen their true interests and have entered more promptly and effectually upon the work of reformation. But I now fear that their general co-operation will hardly be obtained from the influence exercised in some of them by the paper making corporations and speculators; and that it will become necessary for Congress to take some measures which may effectually prevent the issues of small notes. The currency will not be entirely stable until no note under twenty dollars can be issued and for my own part I should prefer to go up gradually to fifty. . . .